

## The Biggest Monetary Shock in 52 Years JAMES RICKARDS august 2023

BRICS+ currency will be linked to a weight of gold. the dollar, euro and sterling could all suffer from a loss of confidence at the same time. If gold goes from \$2,000 to \$10,000 per ounce an 80% devaluation of the dollar, euro and sterling. the collapse of the dollar really means higher inflation and a much higher dollar price for gold. this could lead the BRICS+ currency to displace the dollar as a dominant payment currency more quickly than most expect because of the link to gold. brics currency will be valued in units of gold by weight. The peg is 1.0 oz. So the BRICS currency will have a fixed value in gold. At the same time, the dollar will have a floating value in gold as it has since 1971. That means the BRICS/USD cross-rate will float based on the value of gold measured in each currency. You will be able to calculate the value of BRICS1.00 measured in dollars, but that is not a peg. ...

“China and Russia Are Likely to Call the Shots” If the dollar price of gold goes up, the value of BRICS1.00 will go up against the dollar. If the dollar price of gold goes down, the value of BRICS1.00 will go down against the dollar.

If I'm a BRICS member, I might want the dollar price of gold to go up so I can buy U.S. goods and services on the cheap. Conversely, if I'm a BRICS member and a commodity exporter, I might want the dollar price of gold to go down so parties with dollars will buy more of my commodities. Of course, that undermines the point of the BRICS currency to some extent because the whole idea is to get away from dollar-based transactions. China and Russia are likely to call the shots. My estimate is they will want a high dollar price for gold in order to make their BRICS currency more valuable. This will help to increase their own wealth and destroy confidence in the dollar.

This policy backed up by physical gold purchases could drive the dollar price of gold to \$3,000 per ounce or higher very quickly. In reality, the BRICS currency and physical gold are pegged and unchanged. If gold goes to \$3,000 per ounce, we are actually witnessing the collapse of the dollar. That's the whole idea. The dollar stands to lose in value measured in gold or BRICS currency. The dollar will also lose value due to inflation resulting from the lower value. It will take more dollars to buy imported goods or take vacations abroad. Moving money to stocks, bonds or savings accounts won't protect you because they're all denominated in dollars.

There's a simple solution to this coming currency crisis. Just buy gold. That will preserve wealth and protect you from inflation. You can always sell the gold if you need cash; it's just that you'll get more cash than what you used to buy it. That's what the BRICS are doing and you can too.

Time to hop on the BRICS bandwagon — with gold.